

---

**Ways & Means Committee**

---

**SB 5303**

**Brief Description:** Transferring public employees' retirement system plan 2 members to the school employees' retirement system plan 2.

**Sponsors:** Senators Hobbs, Schoesler, Holmquist, Kilmer, Fraser and Roach; by request of Select Committee on Pension Policy.

**Brief Summary of Bill**

- Discontinues the automatic transfer of prior service in the Public Employees' Retirement System Plan 2 (PERS Plan 2) to the School Employees' Retirement System Plan 2 (SERS Plan 2) upon SERS-eligible employment.
- Permits members of Plan 2 to restore service to PERS Plan 2 if he or she did not earn service for employment with an educational employer prior to the creation of SERS.
- Requires eligible members that wish to move service back to PERS Plan 2 to apply to the Department of Retirement Systems between September 1, 2009, and November 30, 2009.

**Hearing Date:** 3/24/09

**Staff:** David Pringle (786-7310)

**Background:**

The Public Employees' Retirement System Plans 2 and 3 (PERS 2/3) provides the broadest eligibility rules of Washington retirement system plans. All regularly compensated employees and appointed and elected officials of included employers first employed on or after October 1, 1977, are members of PERS plan 2/3 unless they fall under a specific exemption. Covered employers include all state agencies and subdivisions and most local government employees not employed by the cities of Seattle, Tacoma, and Spokane. If public employees normally work enough to meet the minimum eligibility standards, at least five months in which 70 or more hours are worked, per year, and are not members of another Washington plan they generally enter PERS 2/3.

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The School Employees' Retirement System (SERS) opened on September 1, 2001. At that date, all employees of a school district or an educational service district (educational employees) that were previously in PERS Plan 2 became members of SERS Plan 2, and automatically had their service and account history transferred into SERS Plan 2. Since 2001 the provision that automatically transfers service credit and account history remains in effect, so that an individual that has worked in a PERS Plan 2 eligible position since 2001 will have that service transferred to SERS Plan 2 if he or she chooses to work in an eligible position for a SERS employer, even on a part-time basis.

The provisions of SERS Plan 2 and PERS Plan 2 were essentially identical at the time of the creation of SERS, and remain very similar. However, if the plans develop different features in the future, a conflict may arise if a PERS Plan 2 member with service dating back before the creation of SERS Plan 2 does not wish to have service automatically transferred because it would mean a change in plan features that were part of either PERS Plan 2 or SERS Plan 2.

**Summary of Bill:**

The transfer of service credit from PERS Plan 2 to SERS Plan 2 upon a member's employment in a SERS Plan 2 eligible position is ended August 1, 2009. Members of Plan 2 that have had service credit transferred from PERS Plan 2 to SERS Plan 2, but did not earn service credit for employment with an educational employer prior to September 1, 2001, have the option of applying to the Department of Retirement Systems between September 1, 2009 and November 30, 2009, to move service transferred to SERS Plan 2 back into PERS Plan 2.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.